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DEPARTMENT OF THE NAVY
NAVAL AIR SYSTEMS COMMAND
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS
47123 BUSE ROAD, UNIT # IPT
PATUXENT RIVER, MD 20670-1547

IN REPLY REFER TO

5224

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24 MAR 1999

Mr. John W. Douglass, President
Aerospace Industries Association
1250 Eye Street, N.W., 12th Floor
Washington, DC 20005

Dear Mr. Douglass:

In October 1997, I kicked off an ambitious and far-reaching effort aimed at improving our response to our fleet customer. The focus of this initiative is process reengineering, with emphasis being placed on affordability and cycle time. We've created the necessary structure for this task by defining five core processes and one supporting process. Initially, we're executing 14 Business Process Reengineering (BPR) initiatives, each of which maps to one of these process areas.

One of our BPR teams, responsible for addressing our software development process, has been tasked with developing a strategic plan to reduce software costs in both government and industry. During their initial benchmarking phase, the team visited 16 government and industry organizations that perform software development and maintenance work. A key finding from these visits was that most successful software development organizations utilize the Software Engineering Institute Capability Maturity Model (SEI-CMM). The data collected by the team shows that as organizations move up through the 5 SEI-CMM Levels, they experience significant increases in productivity and large reductions in costs and software defects.

As a result of their findings, the Software Development BPR Team has recommended that we establish a goal of utilizing software suppliers that are evaluated at SEI-CMM Level 3 or higher. In order to realize this goal, I am considering using SEI-CMM Level as an evaluation criterion in our competitive source selections for programs involving software development and maintenance. In addition, I am considering the use of contract incentives that would reward our suppliers who achieve a higher certification level during the contract period of performance. Prior to taking these steps, I would like to solicit the views of our industry partners. Thus, I would appreciate it if you would poll your membership and provide me feedback regarding our proposed initiatives. If you would like more detailed information, you may contact Darrell Maxwell, Software BPR Team Leader, at (760) 939-5600. As always, I appreciate your support and wish you the best.

Sincerely,

J. A. LOCKARD
Vice Admiral, U.S. Navy
Commander